



# Green shoots: Developing gas markets in SEE and Turkey

South-East and East European Gas Platform (SEEGAS) 2nd stakeholder meeting

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# Agenda



- 01** Green shoots: Developing gas markets in SEE and Turkey
- 02** Moving in lockstep: Are prices correlating?
- 03** A matter of choice: Exchange and OTC trading
- 04** Beware of market unpredictability: Trading barriers
- 05** Going forward

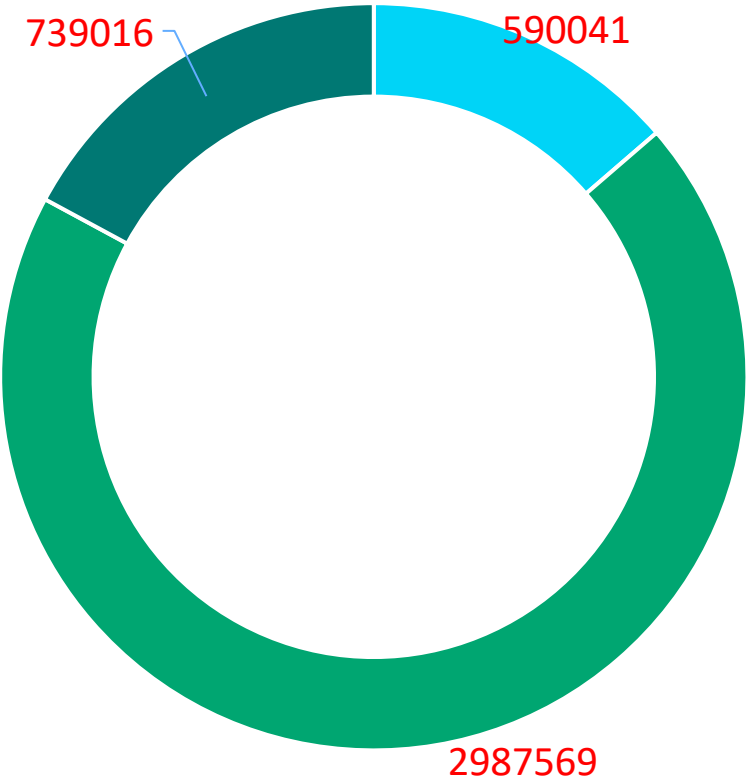


## Green shoots: Developing market liquidity in SEE and Turkey

- Traded volumes on regional exchanges have been growing in the last three years
- Most exchanges have started offering a selection of spot and long-term products
- Gas release programmes introduced in Bulgaria and Romania may have boosted liquidity. However, price caps set by governments may have been distorting markets

# Bulgaria

Gas volumes traded on the Balkan gas hub in 2020 (in MWh)



■ Short-term products ■ Long-term products ■ Gas release programme

Source: Balkan Gas Hub

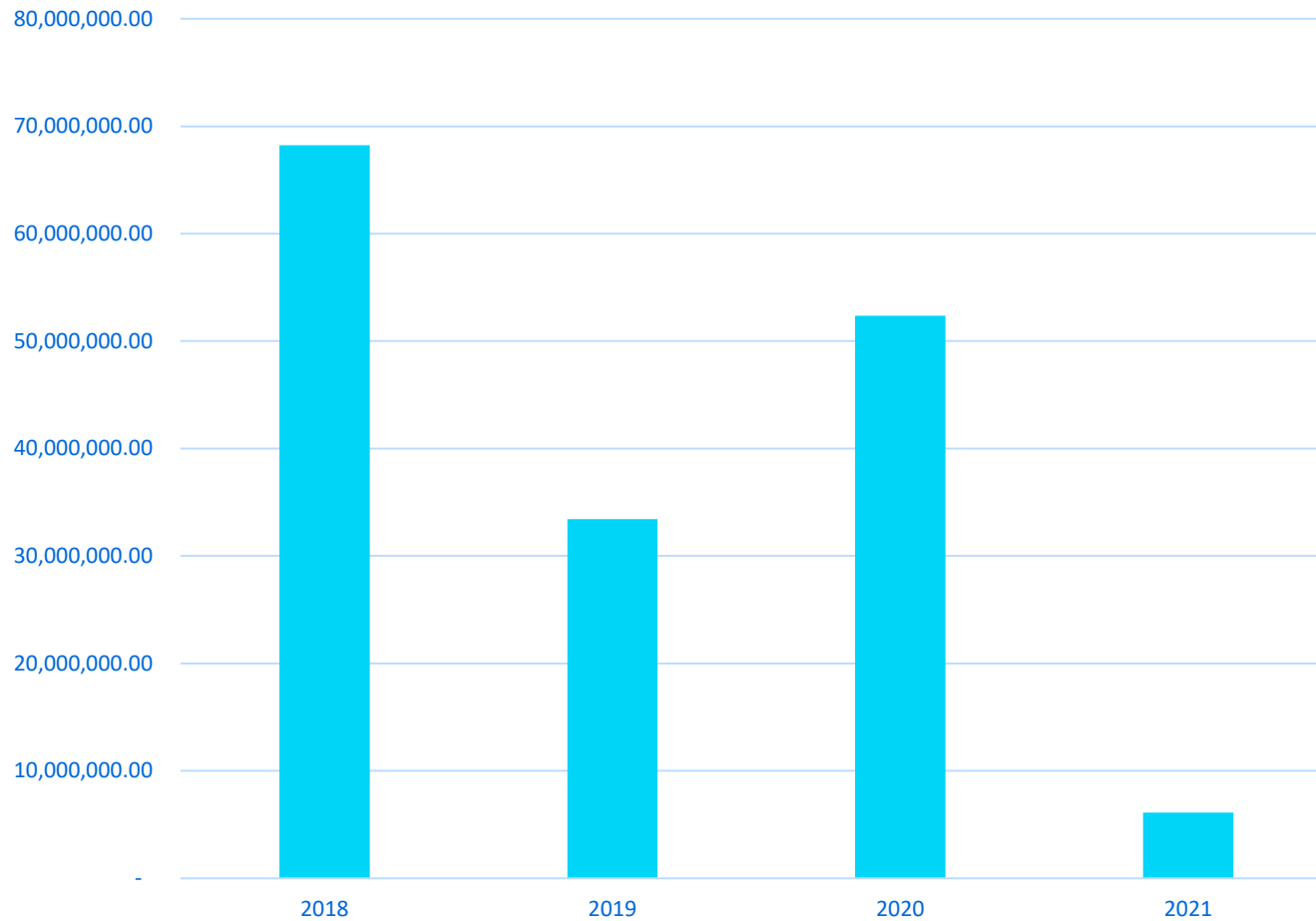


42  
Market  
participants

# Romania



Total traded gas volumes on the Romanian exchange BRM (in MWh)



Source: BRM

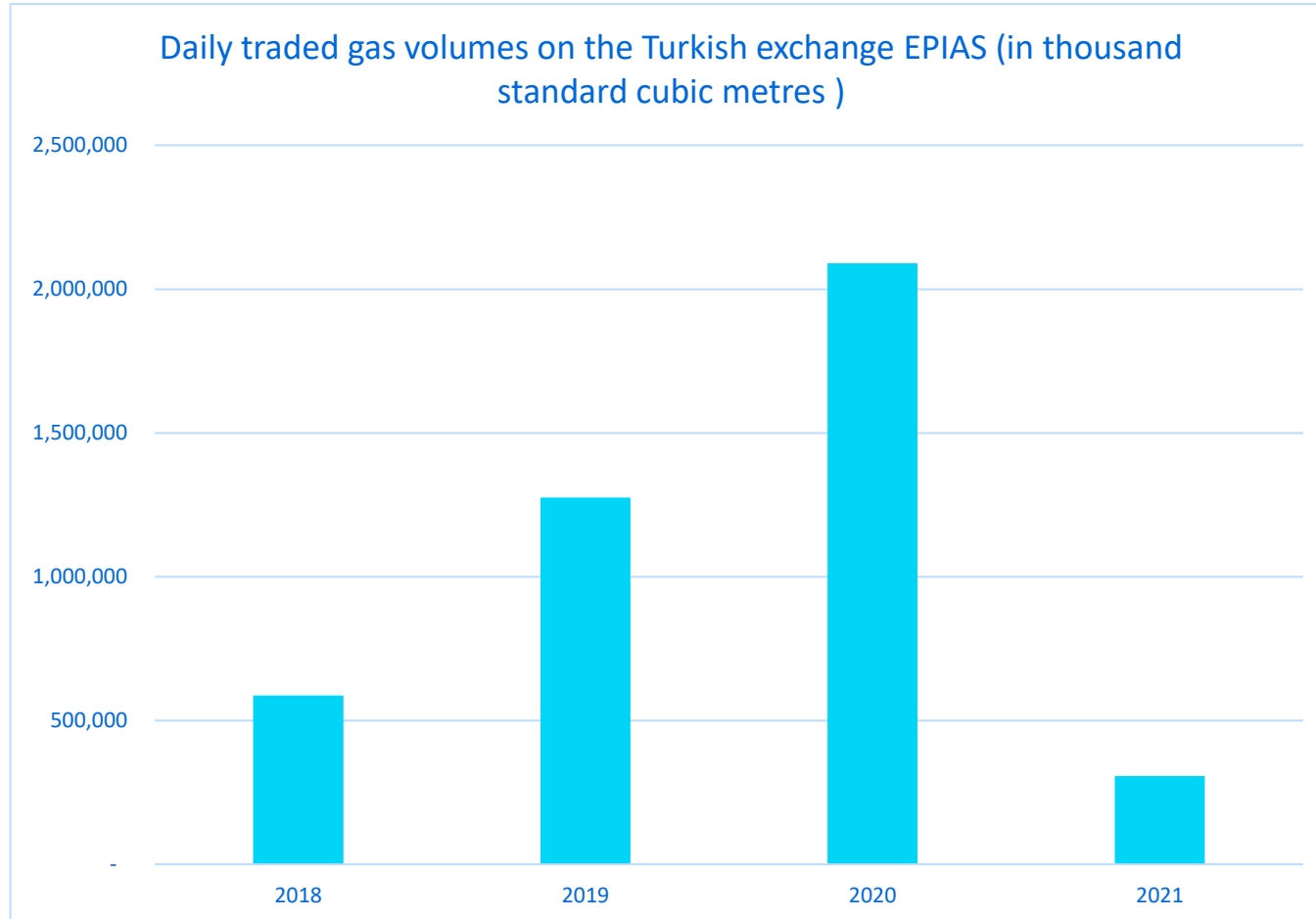
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**77**  
Market  
participants

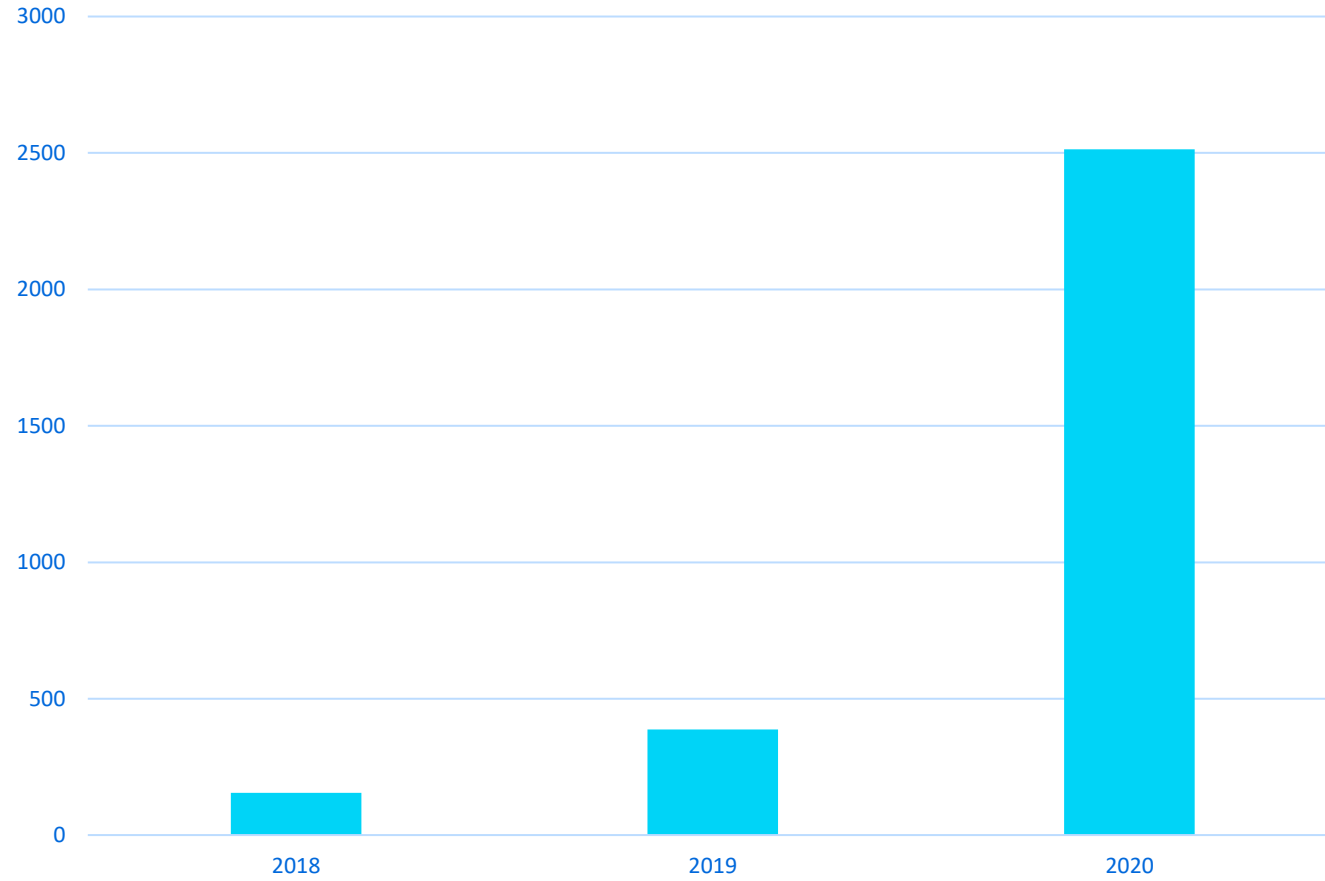
# Turkey



48  
Market  
participants

# Ukraine

Natural gas volumes traded on the Ukrainian exchange UEEX (in thousand cubic metres)



Source: UEEX



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**372**  
Companies  
had access  
to trades by  
end of 2020



# Trading choices: Exchange or OTC trading?

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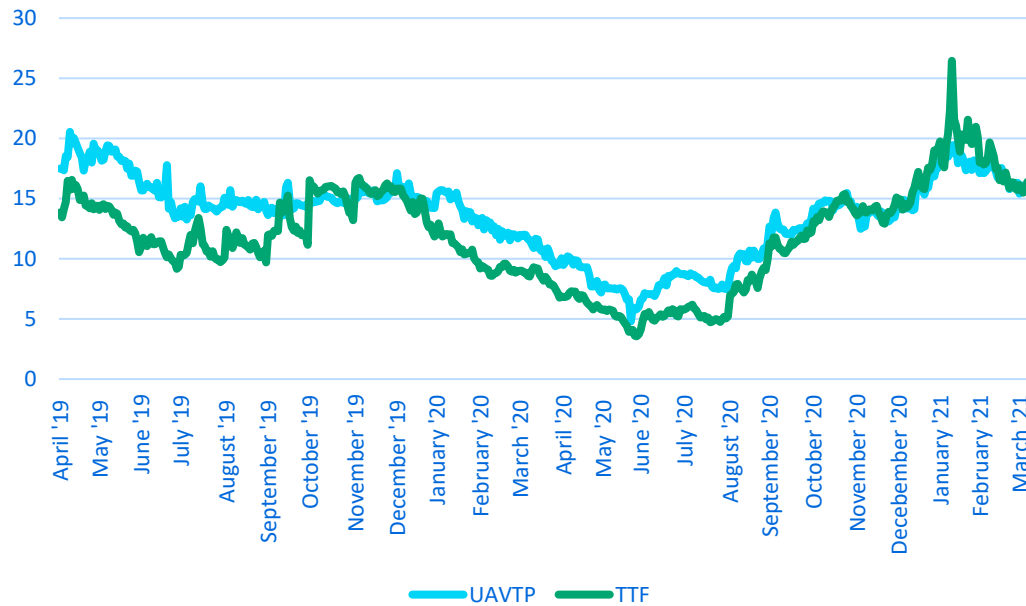
- Larger volumes moving from the bilateral market to exchanges across the region
- No established OTC (brokered) trading, although bilateral contracts still concluded across the region
- Some OTC (brokered) trading reported on Ukraine's borders with European neighbours as many companies sought to avoid establishing a local presence
- Governments tend to support local exchanges, with partial requirements to trade in Bulgaria, Romania and likely Turkey as part of gas release programmes



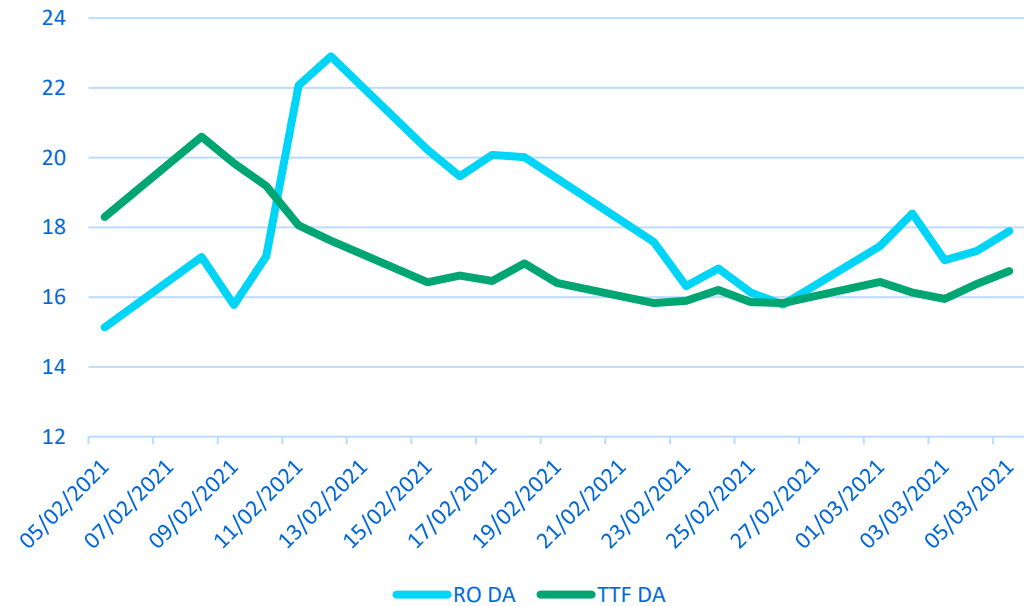


# Moving in lockstep with Europe's TTF prices

Correlation of Dutch TTF and Ukrainian front month VTP prices (€/MWh)



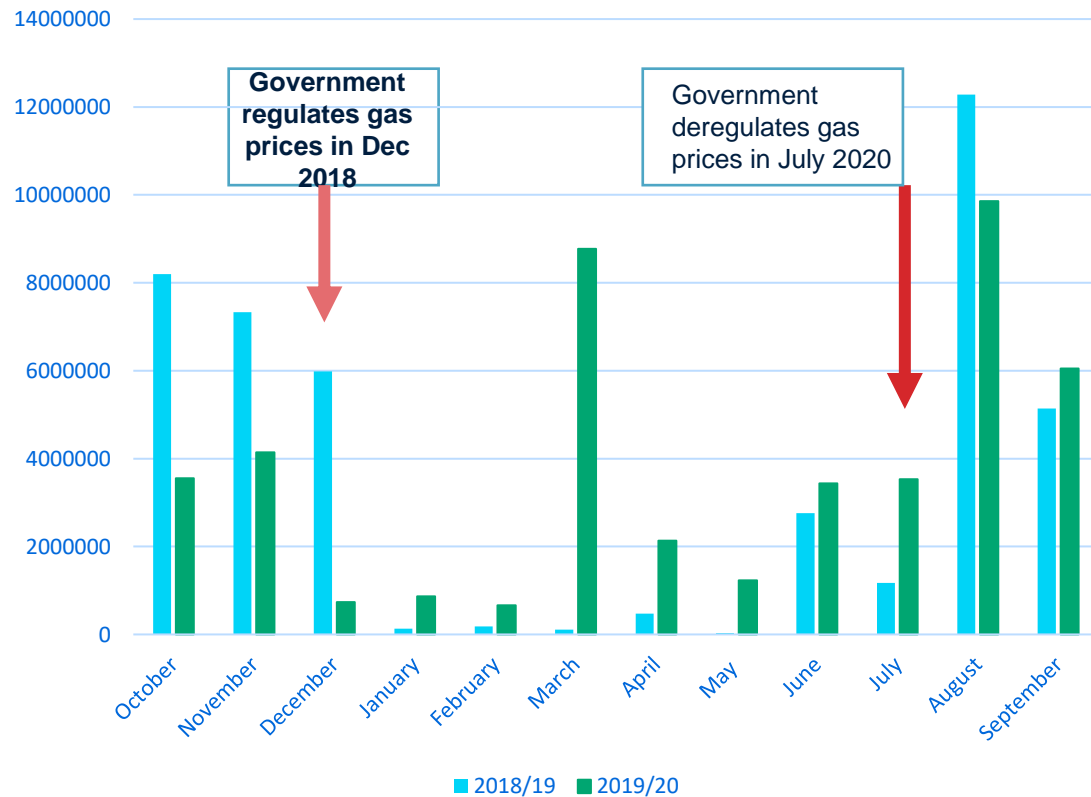
Correlation of TTF and Romanian day-ahead gas prices (€/MWh)



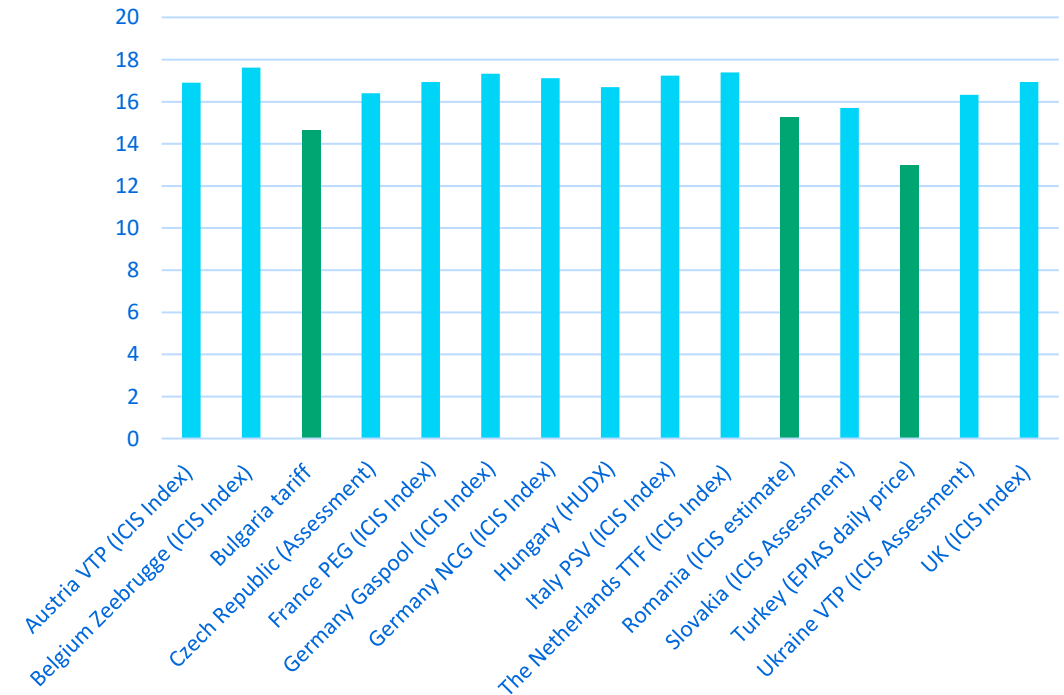


# Beware! The impact of unpredictable governments

The impact of government intervention on Romanian gas traded volumes (in MWh)



The impact of government intervention on price correlations (€/MWh)



Source: BOTAS, BRM, EWRC, ICIS



# Going forward

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- Gas trading is developing across the region albeit at different speeds in each country
- Demand for natural gas will remain at least in the mid term, as regional countries are looking to switch from coal to comparatively cleaner gas generation
- Government intervention has been a challenge to developing trading liquidity and clear market signals
- Governments must refrain from interfering and focus instead on allowing markets to respond to demand-supply signals
- Free cross-border trading is key to developing an integrated regional gas market



Thank you!

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